Daily Economic News Summary: 18 November 2019

1. Winter session: IBC, BRA Bills top economic agenda
Source: Financial Express (Link)

The Insolvency and Bankruptcy Code (IBC) Amendments Bill will seek to raise the number of home-buyers who can invoke insolvency proceedings against realty developer and also introduce individual insolvency and cross-border insolvency regimes. Even as economic slowdown and rising unemployment rates are likely to be flash points between the Opposition and treasury benches in the Winter session of Parliament beginning on 18 November, the Centre will seek to convert the two Ordinances on reduction of corporate tax rates and ban on e-cigarettes into law, besides seeking to amend the Insolvency and Bankruptcy Code and Banking Regulation Act to achieve certain stated objectives. The Insolvency and Bankruptcy Code (IBC) Amendments Bill will seek to raise the number of home-buyers who can invoke insolvency proceedings against realty developer and also introduce individual insolvency and cross-border insolvency regimes.

2. Amazon doing extremely well in India, says Jeff Bezos; still hopes for regulatory stability
Source: Financial Express (Link)

E-commerce giant Amazon is doing "extremely well" in India, its founder and CEO Jeff Bezos has said while expressing hope for regulatory stability in the country. E-commerce giant Amazon is doing “extremely well” in India, its founder and CEO Jeff Bezos has said while expressing hope for regulatory stability in the country. Bezos’ remarks came in response to a question on Amazon’s concerns over some Indian policies with regard to digitization. “Regulatory stability is the thing that we would always hope for India. Whatever the regulations are … they are stable in time and that’s one of the things we’re hoping will now be true. We’ll see,” Bezos, 55, told reporters on the sidelines of his induction into the National Portrait Gallery on 17 November.

3. Billion-dollar boost: AIIB plans $1 billion investment in India
Source: Financial Express (Link)

The Beijing-headquartered bank also approved $75 million (Rs 538.39 crore) in September to renewable energy financier Tata Cleantech Capital for onward lending to projects. The total committed financing by AIIB in India as of now stands at $2.9 billion (Rs 20,817 crore). Asian Infrastructure Investment Bank (AIIB) plans to invest $1 billion funds in India over the next one year. The multilateral development bank has already approved a project loan worth $500 million (Rs 3,589 crore) to Mumbai Urban Transport Project (MUTP) towards the development of suburban infrastructure around Mumbai. The Beijing-headquartered bank also approved $75 million (Rs 538.39 crore) in September to renewable energy financier Tata Cleantech Capital for onward lending to projects. The total committed financing by AIIB in India as of now stands at $2.9 billion (Rs 20,817 crore).

4. Lok Sabha to discuss bill to amend law on chit funds business
Source: Livemint (Link)

The Lok Sabha is set to discuss on 18 November a bill to amend the business of chit funds, a widely used collective investment scheme that offers access to funds as well as options to save. The Chit Funds (Amendment) Bill, 2019 was tabled in Lok Sabha in August after a previous version of the bill lapsed subsequent to national polls in May. The new version incorporates recommendations from a parliamentary standing committee that examined the previous version. Finance Minister Nirmala Sitharaman is expected to move the Bill for discussion and passage. The Bill seeks to streamline about 35,000 registered chit funds in the country by making certain provisions more current to help this segment grow. The government wants to strengthen this segment, which combines the benefits of credit and savings in one scheme, as it plays a role in providing financial services to people.

5. Centre explores new law to shield global investors
Source: Livemint (Link)

The Centre is exploring a law to protect investments affected by state governments' decisions to scrap contracts as it moves to reassure foreign investors who are riled up by Andhra Pradesh's plan to annul some clean energy agreements. In a controversial move, the Y.S. Jagan Mohan Reddy-led Andhra Pradesh government decided to reopen renewable energy contracts inked under the previous state government led by his rival N. Chandrababu Naidu, drawing criticism from the Union government, as well as governments of France, Canada and Japan. "This has sent a very bad signal to international investors. The Act being explored is that in the event of investments reaching a certain stage, a state government can't arbitrarily cancel the contracts," said a senior Union government official, requesting anonymity. Investors claimed that Andhra Pradesh's decision could put at risk 5.2 gigawatts (GW) of solar and wind energy projects, with an estimated debt exposure of more than ₹21,000 crore.

6. Govt may re-introduce curbs on royalty payments for technology transfer
Source: Business Standard (Link)

The government is considering to re-introduce restrictions on royalty payments for technology transfer in view of excessive outflow of such funds to overseas companies, sources said. A proposal in this regard will soon be circulated by the Department for Promotion of Industry and Internal Trade (DPIIT) for inter-ministerial consultation, sources said. According to the proposal, limits could be imposed on royalty payments in case of technology transfer or collaboration involving foreign entities either directly or indirectly through any firm in India. A similar proposal was mooted by the department last year. That time it had proposed that royalty payments should be capped at 4 per cent of domestic sales and 7 per cent of exports for the first four years; and for the next three years the limit should be 3 per cent of local sales and 6 per cent of exports.

7. Startup India Vision 2024: DPIIT may cut compliance time to 1 hour/month
Source: Business Standard (Link)

The Department for Promotion of Industry and Internal Trade (DPIIT) has proposed significant cut in the compliance time to just one hour per month for start-ups as part of measures to ease regulatory requirements for budding entrepreneurs, an official said. The proposal is part of the Start-up India Vision 2024, prepared by the department to promote the growth of budding entrepreneurs. Under this vision document, the department has also proposed several other measures such as facilities of debt financing, setting up of 500 new incubators and accelerators, creating innovation zones in urban local bodies, deployment of entire corpus of Rs 10,000 crore fund of funds, operationalise credit guarantee scheme, and establishment of a seed fund. The department has floated a note seeking views of different ministries on this document.

8. China keen on Indian henna, drumsticks powder
Source: The Economic Times (Link)

Indian henna powder, chillies, value-added tea and moringa (drumstick) powder have caught the fancy of the country’s second largest trading partner China and the Asian giant is keen to import these agricultural products from India. Chinese importers raised inquiries about these value-added farm products at the recently concluded import only fair in Shanghai. A Tamil Nadu-based exporter of henna powder booked orders above Rs 3 crore at the second edition of the China International Import Expo in Shanghai on November 5-10. “There were a lot of enquiries about agricultural products, especially drumsticks powder for herbal uses, chilies and value-added tea such as tea sticks. We placed orders worth a few million dollars," said an official. India exported around $200 million of these products in April-September 2019-20. The import only expo is aimed to reduce China's burgeoning trade deficit with its major trading partners. It expects to import products and services valuing over $10 trillion through such fairs.

9. New norms to ease restrictions on FDI by joint ventures of Indian companies
Source: The Economic Times (Link)

In a bid to ease the flow of foreign funds into legitimate business activities, the government may soon ease restrictions on foreign direct investment (FDI) by joint ventures (JVs) or wholly-owned subsidiaries (WOS) of an Indian company without categorising such investments as "suspect" involving 'round tripping' of funds. The existing legal framework under FEMA does not permit FDI by an overseas JV or WOS of an Indian party without the prior approval of RBI. Similarly, there are restrictions on Indian entities to undertake overseas direct investment (ODI) in a foreign entity which already has existing FDI investment structures in India. Official sources said that the changes would soon be be made in existing overseas direct investment (ODI) Regulations to ease the restrictions and put such investments (FDI and ODI) under the automatic route (without prior approval of RBI).